

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION**

**UNITED STATES OF AMERICA
EX REL. CORI RIGSBY AND KERRI RIGSBY**

RELATORS

V.

CIVIL ACTION NO.1:06CV433 LTS-RHW

STATE FARM MUTUAL INSURANCE COMPANY, ET AL.

DEFENDANTS

**MEMORANDUM OPINION ON MOTION OF
HAAG ENGINEERING COMPANY FOR SUMMARY JUDGMENT**

The Court has before it the motion [493] of Haag Engineering Company (Haag) for summary judgment. For the reasons set out below, this motion will be denied.

Relators have alleged that Haag participated, along with State Farm Fire and Casualty Company (State Farm), in a conspiracy to submit false claims for reimbursement of flood insurance payments made after Hurricane Katrina. The Relators contend that this conspiracy was intended to maximize flood insurance payments and thereby reduce payments made to settle wind insurance claims.

There is no direct evidence that such a conspiracy existed. Relators rely upon the statements in a report Haag prepared for State Farm and the use to which State Farm put that report. Relators contend that this report contains factual errors concerning the timing and effect of the storm winds and storm surge flooding and that these errors gave State Farm a plausible basis for giving its adjustors instructions that resulted in overpaying a substantial number of flood claims.

Relator Kerri Rigsby has testified that, prior to adjusting the McIntosh flood claim, she attended a meeting of State Farm adjustors in which the adjustors were told that Katrina was a "water storm," that storm surge flooding was the source of most of the damage to waterfront properties, and that flood adjustors should "hit the limits" of the flood insurance policies covering the properties they were sent to adjust. She testified that she adjusted the McIntosh flood claim based on the information State Farm gave her in this meeting, information State Farm knew would be reflected in the Haag report.

Haag contends that because its report was not put into final form and provided to State Farm until after the McIntosh claims was adjusted, it could not have acted in concert with State Farm as the Relators have alleged. But substantial evidence exists to support the inference that, before the McIntosh flood claim was adjusted, State Farm knew the contents of the Haag report and used that knowledge to instruct its adjustors.

In these circumstances, I find that there are genuine issues of material fact that preclude entry of summary judgment in favor of Haag. Accordingly, I will deny Haag's motion [493] and allow the Relators to present their evidence supporting their claims against Haag. An appropriate order will be entered.

DECIDED this 29th day of November, 2010.

s/ L. T. Senter, Jr.
L. T. SENTER, JR.
SENIOR JUDGE